



BUILDING FEE DEFERRAL PROGRAM

Purpose of Program

The purpose of the Building Fee Deferral Program (BFDP) is to defray the cost of new residential construction by providing loans to the applicant to pay some building fees for eligible housing units. Building fees include public school and library development impact fees, water and sewer tap fees, and fees from local or state government that are required to build an affordable housing unit, including but not limited to municipality fees, application fees, and permit fees. The BFDP may be used in conjunction with other available affordable housing programs and incentives.

Eligible Types of Housing

Eligible types of housing include newly constructed rental or homeownership residential units within Frederick County that are occupied as the primary residence by an eligible household and do not exceed 2,000 square feet total living space or 2,200 feet if handicap accessible. Maximum amounts for deferral of fees are \$16,875 for a Single Family Dwelling, \$14,851 for a Townhouse, and \$7,474 for other dwelling units.

Eligible Household

An eligible household is a household with total gross income at or below 70% of the Washington MSA median family income limit established by the U.S. Department of Housing and Urban Development, adjusted for household size and automatically adjusted annually when the income limits are published in the Federal Register;¹ who will occupy the property as their primary residence; who have assets totaling less than \$50,000 including cash, savings accounts, two month average checking account balances, investment accounts, stocks, bonds, savings certificates, equity in vehicles, equity in real property – but excluding gifted or purchased property upon which the housing unit is to be constructed; and who have not owned any residential property during the previous three years. The Director of the Department of Housing and Community Development may waive the restriction on previous home ownership for good cause.

Eligible Applicant

Any household or entity constructing an eligible housing unit may submit an application to the Department of Housing and Community Development (DHCD) requesting deferral of the building fees.

Application Process

Any household or entity intending to construct an eligible unit may submit an application to the Department requesting a loan to be used to pay specified building fees. Applications will be reviewed and verified on a first come first served basis for compliance with the program criteria. If the application meets all criteria and funding is available, the Director of the Department will approve the application. If sufficient funds are not available, applications may be retained for processing during the following funding year, if requested by applicant. If the applicant for the program is a developer or builder constructing an eligible unit to be transferred to an eligible individual or household, the applicant shall provide proof satisfactory to the Director to

¹ Gross income limits are subject to change in conjunction with approved regulation changes to the Moderately Priced Dwelling Unit Program.

demonstrate that the value of the building fees deferred inures to the direct benefit of the eligible individual or household.

Loan Security

After approval of the application, the Department will prepare and record appropriate mortgage or lien documents (lien documents) in the land records to secure repayment to the BOCC of the principal amount of the building fee(s) deferred plus simple interest of 3% per year. The lien documents shall be recorded at or before the time the Department disburses the building fee funds. The applicant shall pay recording costs. The lien documents shall require repayment upon the (1) sale, refinance or transfer of title to the property; (2) when a rental unit is no longer occupied by an eligible household; or (3) when the homeownership unit is no longer the primary residence of the owner.

Eligibility Period

The funds must be used within one year of application approval. If the proposed unit has not been constructed or occupied by an eligible household within one year of the date of the application approval, the application may be reevaluated and voided, and repayment of the loan may be required. If requested by the applicant, the Director of the Department may extend for one additional year the time within which the funds must be used, provided good cause for the extension is established by the applicant.

Review of Director's Decision

An applicant dissatisfied with a decision of the Director of the Department of Housing and Community Development may appeal to the Director of Citizens Services by filing a written request for review within ten (10) days of receiving the denial letter. Applicants may write to Director of Citizens Services, 520 North Market Street, Frederick, Maryland 21701. The Director of the Citizens Services Division shall conduct the review and reply to the applicant within thirty (30) days of the receipt of the appeal letter.

To Apply and More Information

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